

Industry Partnership can Unleash 4% Farm Growth



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For some 50 years, Indian farmers have raised productivity and used new technologies and inputs. Yet, yields of most crops lag those of top producers. Structural changes, nothing short of a second Green Revolution, are needed.

New demand is coming up due to rising incomes, changes are taking place in the way Indians eat and farm produce is accessing overseas markets. But farmers earn only 30-40% of the average per-capita income, according to the 2013 CII-McKinsey Food and Agriculture Integrated Development Action 3 report. It estimates that food consumption will double in the next 20 years to ₹22.5 lakh crore, and processing and exports could be boosted by five times. This could quadruple farmer incomes by 2030.

A partnership between farmers and industry can unlock this potential. Though India is the third-largest farm producer in the world, its yields of rice and wheat are only half and quarter of the global best, respectively. A national agricultural technology mission can be instituted to raise productivity. This would encourage the private sector to bring in scientific farming and supply the right inputs at the right time. Mechanisation is needed to replace the low-productivity and back-breaking effort of human labour.

Sustainability of farming is also a key concern given pressure on water availability and inefficient use of fertilisers. A national agricultural sustainability mission must be established

to devise best practices, restore critical nutrients and manage water usage.

The corporate sector's role in farming has to be scaled up in order to raise efficiency and bring in competitiveness. Farmer producer companies and farmer producer organisations would be one way to agglomerate small farms so that efficiencies of scale and use of common resources can go up. There are many examples of such models working well across the country and these must be replicated.

An intelligent subsidy and tax structure can encourage private investments, resulting in more efficient deployment of inputs and greater technology use. The provision of long-term lease of agricultural land by farmers to companies is one way to bring in more funds.

A major roadblock in the agricultural process is the lack of choice to farmers in selecting buyers and accessing markets. The Agriculture Produce Marketing Committees (APMC) restrict trade by permitting farmers to sell only to licensed traders in state *mandis*, leading to hoarding and price manipulation. It is time that these restrictions are abolished so that farmers

can get higher prices through greater competition. Fruit and vegetables in particular should not be routed through *mandis* as the process leads to additional wastage. The APMC legislation must be amended to delist these perishables from its provisions.

Food processing and exports are the natural route for farm produce, raising incomes and creating jobs along the supply chain. Despite incentives for supply chain infrastructure, investments in cold storage, warehousing and refrigerated transport have not been forthcoming because of market fragmentation and lack of assured supplies. For exports, meeting global standards of safety and quality is an additional challenge.

To address these challenges, initiatives such as food parks, training and standard-certification institutions, and relevant transport connectivity would need to be accelerated so that private sector role is enlarged. A national agriculture and food export mission could identify specific crops best suited to Indian conditions for export promotion. Crops such as mango, banana, potato and soya bean as well as poultry and dairy produce have high potential to succeed. At the same time, a national farm gate-to-market infrastructure authority needs to be set up to build requisite infrastructure through industry interventions.

Finally, institutional capability at disaggregated levels must be built with clear action plans and key deliverables in a time-bound manner. A stronger dialogue process and greater synergy is needed between central and state governments, farmer organisations and industry. With active partnership of industry in agriculture, the sector can grow at 4% to meet the country's high target of inclusive growth for all citizens.

